

# Retailers Won't Increase Digital Display Ad Spend Much This Year, Despite Record Ecommerce Sales

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**eMarketer Editors**

**W**hile the overall economy has suffered from pandemic-necessitated behavioral changes, some industries have been hit harder than others. We estimate that US retail sales will decline by 10.5% this year, and even though the shift to ecommerce will accelerate digital sales to new heights, retailers will grow their US digital display ad spending by only a sluggish 2.3% this year.

Notably, retail advertisers—which make up the largest share of display spending—will boost these investments by just \$300 million this year, in spite of increased ecommerce spending by consumers. We estimate total US retail sales will fall by 10.5% this year.

## Which Industries Are Driving US Digital Display Ad Spending Growth in 2020?

billions and % change

	Incremental digital display ad spending	% change
Telecom	\$1.32	17.4%
CPG	\$1.32	12.8%
Computing products & consumer electronics	\$1.25	20.8%
Financial services	\$0.97	10.8%
Health & pharma	\$0.55	15.7%
Retail	\$0.30	2.3%
Entertainment	\$0.08	1.5%
Media	-\$0.22	-6.2%
Automotive	-\$0.80	-10.0%
Travel	-\$0.89	-43.4%
Other	\$0.03	1.1%
<b>Total</b>	<b>\$3.90</b>	<b>5.5%</b>

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; includes banners, rich media, sponsorships, video and ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets; read as entertainment display ad spending will decrease by \$0.22 billion and telecom display ad spending will increase by \$1.32 billion in 2020; numbers may not add up to total due to rounding*

Source: eMarketer, Aug 2020

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The list of industries increasing—and decreasing—investments in video specifically looks similar. Consumer packaged goods (CPG) advertisers will make the biggest additional investment in video in absolute size, while consumer electronics advertisers will boost spending most on a percentage basis.

The industries contributing the most incremental display ad spending this year include CPG, which is spending to drive additional digital grocery shopping this year; telecom, which is working to attract consumers to subscription products they still have a need for; consumer electronics sellers, which are advertising gear to millions of people working and studying at home; and financial services, which have seen increased interest in various investment and credit products due to the economic turmoil.

“Basic everyday household goods, along with consumer electronics, are two of the product categories consumers are continuing to buy at both brick-and-mortar and digital retailers during the pandemic,” said Nicole Perrin, eMarketer principal analyst at Insider Intelligence. “Brands in the CPG and consumer electronics categories are increasing their spending on digital display ads at much faster rates than that of

retail, which includes sectors that are doing worse in terms of sales, like apparel.”

Retail continues to be the leading industry in terms of display ad spending in the US, but it will account for 0.5 percentage points less of the total this year thanks to the pandemic. Industries that continue to see good returns on their ad investments, despite the viral outbreak and economic downturn, are growing their shares of the pie this year. They include telecom (up 1.2 points), consumer electronics (also up 1.2 points), CPG (up 1.0 point) and financial services (up 0.6 points).

**US Digital Display and Video Ad Spending Share, by Industry, 2020**

% of total

	<b>Digital display ad spending share</b>	<b>Digital video ad spending share</b>
Retail	18.1%	18.5%
CPG	15.6%	15.6%
Financial services	13.3%	13.1%
Telecom	11.9%	10.6%
Computing products & consumer electronics	9.7%	9.6%
Automotive	9.6%	9.9%
Entertainment	7.3%	8.5%
Health & pharma	5.4%	4.8%
Media	4.5%	4.6%
Travel	1.5%	1.7%
Other	3.2%	3.2%

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; numbers may not add up to 100% due to rounding*  
 Source: eMarketer, Aug 2020

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Again, retail advertisers will invest an incremental \$300 million in digital display advertising in the US this year—but they’ll spend an additional \$690 million on digital video ads. What does that mean?

It means retailers will be decreasing their spending on nonvideo display ads in 2020 by almost \$400 million. Entertainment and media industry advertisers will also be investing more in video ads as they pull spending from nonvideo display formats this year.

